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**TOWN OF YOUNGSVILLE, LOUISIANA****Financial Report****For the Six Months Ending December 31, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/21/03

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## MANAGEMENT LETTER

The Honorable Wilson Viator, Mayor  
and Members of the Board of Aldermen  
Town of Youngsville, Louisiana

During our audit of the basic financial statements of the Town of Youngsville for the six months ended December 31, 2002, we noted an area in which improvements in the financial practices of the Town may be desirable.

In the instance of an emergency situation as declared by the Lafayette City-Parish President, the mayor is granted emergency powers to take measures to restore normalcy to the community. Therefore, compliance with the bid laws and conducting an open meeting to obtain the council's authority to enact emergency operations is not required per Louisiana Revised Statute 29:736-29:737. However, the government should hold a special meeting shortly after emergency actions have been enacted to allow the town council to ratify the Mayor's actions.

We would like to express our appreciation to you and your staff, particularly your office staff, for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance please feel free to contact us.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
March 21, 2003

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## INDEPENDENT AUDITORS' REPORT

\* A Professional Accounting Corporation

The Honorable Wilson Viator, Mayor,  
and Members of the Board of Aldermen  
Town of Youngsville, Louisiana

We have audited the accompanying basic financial statements of the Town of Youngsville, Louisiana, as of and for the six months ending December 31, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Town of Youngsville, Louisiana, as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund for the six months then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 21, 2003 on our consideration of the Town of Youngsville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 4 through 14 and 52 through 55, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information on pages 56 through 75 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Youngsville, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
March 21, 2003

**REQUIRED SUPPLEMENTARY  
INFORMATION**

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited)

Within this section of the Town of Youngsville, Louisiana (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the six months ended December 31, 2002. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$5,770,552 (net assets) for the six month period reported.
- Total net assets are comprised of the following:
  1. Capital assets, net of related debt, of \$4,572,488 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  2. Net assets of \$151,161 are restricted by constraints imposed from outside the Town such as debt covenants.
  3. Unrestricted net assets of \$1,046,903 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$887,933 at December 31, 2002, which is \$ 241,630 less than the December 31, 2002 year end fund balance of \$1,129,563.
- At the end of the current period, unreserved fund balance for the General Fund was \$451,317, or 49% of total General Fund expenditures.
- Overall, the Town continues to maintain a strong financial position, in spite of a somewhat depressed national economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2002.



## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

#### Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during the current period. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and streets. Business-type activities include the water, sewer and sanitation systems.

The government-wide financial statements are presented on pages 17 & 18 of this report.

#### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. The Town has no non-major funds required to be presented in the form of combining statements in a later section of this report.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 15 – 18 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The one Town proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for sanitation, water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 20 - 23 of this report.

#### Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

#### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the two major special revenue funds. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on pages 53 - 55 of this report.

As discussed, the Town reports major funds in the basic financial statements. A comparative schedule of the three segments of the utility fund is presented in a subsequent section of this report on pages 65 and 66.

#### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town implemented the new financial reporting model used in this report beginning with the fiscal year ended June 30, 2002. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

# TOWN OF YOUNGSVILLE, LOUISIANA

## Management's Discussion and Analysis (Unaudited) (Continued)

The Town's net assets at December 31, 2002 are \$5,770,552. The following table provides a summary of the Town's net assets:

	Summary of Net Assets			
	Governmental Activities	Business-type Activities	Total	Percentage Total
<b>Assets:</b>				
Current assets and other assets	\$ 1,049,269	\$ 512,275	\$ 1,561,544	18%
Restricted assets	-	477,685	477,685	6%
Capital assets	<u>1,075,170</u>	<u>5,443,440</u>	<u>6,518,610</u>	<u>76%</u>
<b>Total assets</b>	<u>2,124,439</u>	<u>6,433,400</u>	<u>8,557,839</u>	<u>100%</u>
<b>Liabilities:</b>				
Current liabilities	161,336	1,245,669	1,407,005	50%
Long-term liabilities	<u>-</u>	<u>1,380,282</u>	<u>1,380,282</u>	<u>50%</u>
<b>Total liabilities</b>	<u>161,336</u>	<u>2,625,951</u>	<u>2,787,287</u>	<u>100%</u>
<b>Net assets:</b>				
Investment in capital assets, net of debt	1,075,170	3,425,749	4,500,919	78%
Restricted	-	339,846	339,846	6%
Unrestricted	<u>887,933</u>	<u>41,854</u>	<u>929,787</u>	<u>16%</u>
<b>Total net assets</b>	<u>\$ 1,963,103</u>	<u>\$ 3,807,449</u>	<u>\$ 5,770,552</u>	<u>100%</u>

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 6.5 to 1 and .41 to 1 for business type activities. For the Town overall, the current ratio is 1.11 to 1. The reason for the low current ratio for business-type activities is the bond anticipation note payable of \$632,110, which will be converted to long-term debt when the sales tax bonds are issued in 2003.

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets for the six month period is \$241,630 less than the fiscal year end balance for governmental activities and has increased by \$592,296 for business-type activities.

Note that approximately 55% of the governmental activities' net assets are tied up in capital (with 50% of the cost of capital assets being infrastructure). The Town uses these capital assets to provide services to its citizens. However, with business type activities, the Town has spent approximately 80% of its net assets on capital. Capital assets in the business-type activities provide utility services, but they also generate revenues for this fund. 78% of the Town's total net assets are included in capital assets.

# TOWN OF YOUNGSVILLE, LOUISIANA

## Management's Discussion and Analysis (Unaudited) (Continued)

Comparative data will not be presented because the period audited is a six month period and comparable information is not available. However, comparative data will be accumulated and presented to assist annual analysis in future years. The following table provides a summary of the Town's changes in net assets:

### Summary of Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>	<u>Percentage of Total</u>
Revenues:				
Program:				
Charges for services/fines	\$ 85,093	\$ 455,813	\$ 540,906	31%
Capital grants	40,493	287,187	327,680	19%
Operating grants	261,134		261,134	15%
General:				
Sales taxes	515,051	-	515,051	30%
Franchise taxes	77,546	-	77,546	4%
Unrestricted grants	1,723	-	1,723	0%
Interest	2,473	1,451	3,924	0%
Other	8,028	-	8,028	0%
	<u>991,541</u>	<u>744,451</u>	<u>1,735,992</u>	<u>100%</u>
Total revenues				
Program Expenses:				
General government	203,266	-	203,266	15%
Public safety:				
Police	213,226	-	213,226	15%
Fire	40,250	-	40,250	3%
Streets	478,198	-	478,198	34%
Water, sewer & sanitation	-	452,155	452,155	33%
	<u>934,940</u>	<u>452,155</u>	<u>1,387,095</u>	<u>100%</u>
Total expenses				
Excess (deficiency)	56,601	292,296	348,897	
Transfers	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>	
Change in net assets	(243,399)	592,296	348,897	
Beginning net assets	<u>2,206,502</u>	<u>3,215,153</u>	<u>5,421,655</u>	
Ending net assets	<u>\$ 1,963,103</u>	<u>\$ 3,807,449</u>	<u>\$ 5,770,552</u>	

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

#### GOVERNMENTAL REVENUES

This Town levies no property taxes. The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes provided 30% of the Town's total revenues. Sales taxes equal 52% of the revenues for governmental activities. During the six-month period ended 2002, we have been able to earn \$3,924 in interest earnings to help support governmental activities. Also, note that program revenues cover only 41% of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 59% of the governmental activities. As a result, the general economy and the success of local businesses have a major impact on the Town's revenue streams, particularly as they relate to sales taxes.

#### GOVERNMENTAL FUNCTIONAL EXPENSES

Police services comprise 15% of the Town's total expenses and 23% of the total governmental expenses. The total public safety makes up 18% of the total expenses and 27% of the total governmental expenses. The street expenses are 34% of total Town expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

#### Governmental Activities

	<u>Total cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 203,266	\$ 168,279
Public safety:		
Police	213,226	147,627
Fire	40,250	15,250
Streets	<u>478,198</u>	<u>217,064</u>
Total	<u>\$ 934,940</u>	<u>\$ 548,220</u>

#### BUSINESS-TYPE ACTIVITIES

##### Revenues vs. Costs

The operating revenues of the six-month period for the utility funds are 47% less than fiscal year end 2002 and operating expenses are 49% less than fiscal year end 2002. Within the total business type activities of the Town, these activities reported a \$40,096 operating income compared to an operating income of \$54,018 for the prior period.

The revenue for all three utility departments for the six-month period seems to be reasonably consistent with the prior year. Total expenses for the utility departments during the six-month period are about 50% of total expenditures in the year ending December 31, 2002.



## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

As indicated on the government-wide statement of activities, the Town received a grant totaling over \$127,000 from the State of Louisiana for a water pipeline project. The Town also received a federal grant of \$160,104 for a sewer plant improvement project. These amounts are all reported in the capital grants and contributions column.

Since the sales taxes are dedicated to water and sewer operations, the transfers in from the two sales taxes funds were \$300,000.

The total 2002 operating income for all utility departments was \$13,922 or 26% less than June 2002. However, after recognizing nonoperating revenues and expenses, primarily interest on debt of over \$80,000, the 2002 operations reported a gain of \$5,109 for all utility departments.

Before transfers in and out, the fund reported the following operating income by department for the last two periods:

	12/31/2002	6/30/2002
Water department	\$ 30,941	\$ 27,295
Sewerage department	3,789	18,484
Sanitation department	5,366	8,239

### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

#### Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$887,933. Of this year-end total, 99.5% is unreserved indicating availability for continuing Town service requirements.

#### Major Governmental Funds

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance at December 31, 2002 is \$455,959, which is \$62,746 less than it was at fiscal year end. In fiscal year 2002, the fund balance increased \$80,174.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

Total revenues for the six-month period ended December 31, 2002 are \$681,884, which is \$184,705 less than revenues for fiscal year ended June 30, 2002. Fine revenues were \$50,106 or 67% of the prior year total. License and permit revenue was \$34,987 or only 20% of the prior year, primarily because insurance and occupational licenses become due in January of each year.

Intergovernmental revenue for the six month period increased substantially over 2002 annual amounts as the result of the FEMA federal grant and the state grant for hurricane relief.

The General Fund's ending fund balance is considered adequate, representing the equivalent of 42% of annual expenditures.

The 1968 Sales Tax Fund continues to accumulate a strong fund balances with excess revenues over expenditures for the six months ended December 31, 2002 of \$21,921.

The 1999 Sales Tax Fund reflects a deficiency of revenues over expenditures of \$200,767 for the six months ended December 31, 2002. This is mainly due to the fact that the Town transferred funds to the Utility Fund.

#### The Proprietary fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. For more information, review the analysis above

### BUDGETARY HIGHLIGHTS

The General Fund - The general fund's original revenue budget was less than the actual revenues reported in fiscal year 2002. Licenses and permits are explained above. The intergovernmental revenue budget was amended upward to provide for the additional grants that were not anticipated when the original budget was adopted. The fines and forfeits revenue budget did not change from the original amount budgeted.

The expenditure side of the original budget for the general fund was increased approximately \$356,385 or 32% this year. Much of this revision was necessary to allow for the emergency expenditures incurred due to Hurricane Lili.

The Sales Tax Funds - sales taxes of the six months ended December 31, 2002 for the sales tax funds exceeded the 50% of the original budget by \$31,500 or 11%.

# TOWN OF YOUNGSVILLE, LOUISIANA

## Management's Discussion and Analysis (Unaudited) (Continued)

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2002, was \$1,075,170 and \$5,443,439 respectively. The total decrease in this net investment was less than 1% for governmental and a 30% increase in business-type activities. The overall increase was 24% for the Town as a whole. See Note 8 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business Activities		Total	
	12/31/2002	6/30/2002	12/31/2002	6/30/2002	12/31/2002	6/30/2002
Non-depreciable assets:						
Land	\$ 4,111	\$ 4,111	\$ 81,829	\$ 81,829	\$ 85,940	\$ 85,940
Construction in progress	58,651	58,651	2,575,454	1,226,608	2,634,105	1,285,259
Total non-depreciable	62,762	62,762	2,657,283	1,308,437	2,720,045	1,371,199
Depreciable assets:						
Buildings	271,285	271,285	-	-	271,285	271,285
Equipment, furniture and fixtures	498,029	452,334	237,041	249,461	735,070	701,795
Utility systems	-	-	4,526,998	4,513,333	4,526,998	4,513,333
Infrastructure	788,914	788,914	-	-	788,914	788,914
Total depreciable assets	1,558,228	1,512,533	4,764,039	4,762,794	6,322,267	6,275,327
Less accumulated depreciation	545,820	495,289	1,977,883	1,900,221	2,523,703	2,395,510
Book value-depreciable assets	1,012,408	1,017,244	2,786,156	2,862,573	3,798,564	3,879,817
Percentage depreciated	35%	33%	42%	40%	40%	38%
Book value-all assets	\$ 1,075,170	\$ 1,080,006	\$ 5,443,439	\$ 4,171,010	\$ 6,518,609	\$ 5,251,016

At December 31, 2002, the depreciable capital assets for governmental activities were 35% depreciated. This is an increase of 2% over the December 31, 2002 percentage. Note that infrastructure cost is 50% of the total asset cost.



# TOWN OF YOUNGSVILLE, LOUISIANA

## Management's Discussion and Analysis (Unaudited) (Continued)

The construction in progress for governmental activities includes:

Oakthorn drainage project	\$ 18,779
Bayou Parc Perdue project	39,872

With the Town's business type activities, 42% of the asset values were depreciated at December 31, 2002 compared to 40% at December 31, 2002. The two systems of those assets values are as follows:

### Depreciable Capital Assets

	Water System	Sewer System
Cost	\$2,238,779	\$ 2,288,219
Less accumulated depreciation	<u>723,754</u>	<u>1,081,798</u>
Book value	<u>\$1,515,025</u>	<u>\$ 1,206,421</u>
Percentage depreciated	32%	47%

The construction in progress in the business activities is a water pipeline project at over \$1 million.

### Long-term debt

At the end of the six-month period, the Town had total bonded debt outstanding of \$1,395,000. Pledged revenues generated primarily by the business-type activities of the Town (revenue bonds) support all of these bonds.

During the period, the Town retired \$8,803 or 1% of the beginning outstanding bonded debt balance of \$1,403,803.

On the outstanding bonds, \$646,283 in interest costs will be incurred over the next 18 years.

See Notes 11 and 12 for additional information about the Town's long-term debt.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

#### ECONOMIC CONDITIONS AFFECTING THE TOWN

Due to the recent annexations of areas into the Town's corporate limits, the Town anticipates a steady increase in sales tax revenues in the near future.

#### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's Mayor, Wilson Viator, at Town of Youngsville, P.O. Box 592, Youngsville, LA.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

# TOWN OF YOUNGSVILLE, LOUISIANA

## Statement of Net Assets December 31, 2002

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 522,912	\$ 374,313	\$ 897,225
Receivables, net	111,323	120,809	232,132
Internal balances	149,258	(149,258)	-
Due from other governmental units	261,134	166,411	427,545
Prepaid items	4,642	-	4,642
Total current assets	<u>1,049,269</u>	<u>512,275</u>	<u>1,561,544</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	477,685	477,685
Capital assets:			
Land and construction in progress	62,762	2,657,284	2,720,046
Capital assets, net	<u>1,012,408</u>	<u>2,786,156</u>	<u>3,798,564</u>
Total noncurrent assets	<u>1,075,170</u>	<u>5,921,125</u>	<u>6,996,295</u>
Total assets	<u>2,124,439</u>	<u>6,433,400</u>	<u>8,557,839</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts, salaries and other payables	161,336	541,990	703,326
Bond anticipation note payable	-	632,110	632,110
Revenue bonds	-	62,645	62,645
Accrued interest	-	8,924	8,924
Total current liabilities	<u>161,336</u>	<u>1,245,669</u>	<u>1,407,005</u>
Noncurrent liabilities:			
Customers' deposits	-	66,270	66,270
Revenue bonds and notes payable	-	1,314,012	1,314,012
Total noncurrent liabilities	<u>-</u>	<u>1,380,282</u>	<u>1,380,282</u>
Total liabilities	<u>161,336</u>	<u>2,625,951</u>	<u>2,787,287</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,075,170	3,497,318	4,572,488
Restricted for debt service	-	151,161	151,161
Unrestricted	<u>887,933</u>	<u>158,970</u>	<u>1,046,903</u>
Total net assets	<u>\$1,963,103</u>	<u>\$3,807,449</u>	<u>\$5,770,552</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF YOUNGSVILLE, LOUISIANA

Statement of Activities  
For the Six Months Ended December 31, 2002

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 203,266	\$ 34,987	\$ -	\$ -	\$ (168,279)	\$ -	\$ (168,279)
Public safety:							
Police	213,226	50,106	-	15,493	(147,627)	-	(147,627)
Fire	40,250	-	-	25,000	(15,250)	-	(15,250)
Streets	478,198	-	261,134	-	(217,064)	-	(217,064)
Total governmental activities	934,940	85,093	261,134	40,493	(548,220)	-	(548,220)
<b>Business-type activities:</b>							
Water	221,897	230,278	-	127,083	-	135,464	135,464
Sewer	137,657	127,568	-	160,104	-	150,015	150,015
Sanitation	92,601	97,967	-	-	-	5,366	5,366
Total business-type activities	452,155	455,813	-	287,187	-	290,845	290,845
Total primary government	\$ 1,387,095	\$ 540,906	\$ 261,134	\$ 327,680	(548,220)	290,845	(257,375)
<b>General revenues:</b>							
<b>Taxes -</b>							
Sales and use taxes, levied for general purposes					515,051	-	515,051
Franchise taxes					77,546	-	77,546
Grants and contributions not restricted to specific programs -							
State sources					1,723	-	1,723
Interest and investment earnings					2,473	1,451	3,924
Miscellaneous					8,028	-	8,028
Transfers					(300,000)	300,000	-
Total general revenues and transfers					304,821	301,451	606,272
Change in net assets					(243,399)	592,296	348,897
Net assets - July 1, 2002					2,206,502	3,215,153	5,421,655
Net assets - December 31, 2002					\$ 1,963,103	\$ 3,807,449	\$ 5,770,552

The accompanying notes are an integral part of the basic financial statements

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **1968 Sales Tax Fund -**

To account for the receipt and use of proceeds of the Town's 1968 1% sales and use tax. The tax is dedicated to constructing, acquiring, extending, improving and/or maintaining waterworks, sewers and sewerage disposal facilities, including the purchase of equipment therefore title to which improvements shall be in the public name. The tax is also subject to funding into bonds of the Town in the manner authorized in the Louisiana Revised Statutes.

#### **1999 Sales Tax Fund -**

To account for the receipt and use of proceeds of the Town's 1999 1/2% sales and use tax. The tax is dedicated to constructing, acquiring, improving, maintaining and operating sewers and sewerage disposal works for the Town and to be funded into bonds.

### **Enterprise Fund**

#### **Utility Fund -**

To account for the provision of water, sewerage and sanitation services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.



TOWN OF YOUNGSVILLE, LOUISIANA

Balance Sheet  
Governmental Funds  
December 31, 2002

	<u>General</u>	<u>1968 Sales Tax Special Revenue</u>	<u>1999 Sales Tax Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 141,752	\$ 287,780	\$ 93,380	\$ 522,912
Receivables:				
Taxes	21,127	89,452	-	110,579
Accrued interest	361	383	-	744
Due from other funds	236,254	-	2,337	238,591
Due from other governmental agencies	261,134	-	-	261,134
Prepaid items	4,642	-	-	4,642
Total assets	<u>\$ 665,270</u>	<u>\$ 377,615</u>	<u>\$ 95,717</u>	<u>\$ 1,138,602</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 131,010	\$ -	\$ -	\$ 131,010
Accrued liabilities	30,326	-	-	30,326
Due to other funds	47,975	41,358	-	89,333
Total liabilities	<u>209,311</u>	<u>41,358</u>	<u>-</u>	<u>250,669</u>
Fund balances -				
Reserved for prepaid items	4,642	-	-	4,642
Unreserved	451,317	336,257	95,717	883,291
Total fund balances	<u>455,959</u>	<u>336,257</u>	<u>95,717</u>	<u>887,933</u>
Total liabilities and fund balances	<u>\$ 665,270</u>	<u>\$ 377,615</u>	<u>\$ 95,717</u>	<u>\$ 1,138,602</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF YOUNGSVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
December 31, 2002

Total fund balances for governmental funds at December 31, 2002 \$ 887,933

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land and construction in progress	\$ 62,762	
Buildings, net of \$54,937 accumulated depreciation	216,348	
Infrastructure, net of \$197,579 accumulated depreciation	591,335	
Equipment, net of \$293,304 accumulated depreciation	<u>204,725</u>	<u>1,075,170</u>

Total net assets of governmental activities at December 31, 2002 \$1,963,103

The accompanying notes are an integral part of the basic financial statements.

TOWN OF YOUNGSVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds

For the Six Months Ended December 31, 2002

	General	1968 Sales Tax Special Revenue	1999 Sales Tax Special Revenue	Total
Revenues:				
Taxes	\$ 283,570	\$ 206,018	\$ 103,009	\$ 592,597
Licenses and permits	34,987	-	-	34,987
Intergovernmental	303,350	-	-	303,350
Fines and forfeits	50,106	-	-	50,106
Miscellaneous	9,871	555	75	10,501
Total revenues	<u>681,884</u>	<u>206,573</u>	<u>103,084</u>	<u>991,541</u>
Expenditures:				
Current -				
General government	184,244	4,652	3,851	192,747
Public safety:				
Police	194,191	-	-	194,191
Fire	36,877	-	-	36,877
Streets	459,446	-	-	459,446
Capital outlay	49,910	-	-	49,910
Total expenditures	<u>924,668</u>	<u>4,652</u>	<u>3,851</u>	<u>933,171</u>
Excess (deficiency) of revenues over expenditures	<u>(242,784)</u>	<u>201,921</u>	<u>99,233</u>	<u>58,370</u>
Other financing sources (uses):				
Transfers in	180,000	-	-	180,000
Transfers out	-	(180,000)	(300,000)	(480,000)
Total other financing sources (uses)	<u>180,000</u>	<u>(180,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>
Net changes in fund balances	(62,784)	21,921	(200,767)	(241,630)
Fund balances beginning	<u>518,743</u>	<u>314,336</u>	<u>296,484</u>	<u>1,129,563</u>
Fund balances, ending	<u>\$ 455,959</u>	<u>\$ 336,257</u>	<u>\$ 95,717</u>	<u>\$ 887,933</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF YOUNGSVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Six Months Ended December 31, 2002

Total net changes in fund balances at December 31, 2002 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (241,630)
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 49,910	
Depreciation expense for the period ended December 31, 2002	<u>(51,679)</u>	<u>(1,769)</u>
Total changes in net assets at December 31, 2002 per Statement of Activities		<u>\$ (243,399)</u>

The accompanying notes are an integral part of the basic financial statements.

# TOWN OF YOUNGSVILLE, LOUISIANA

## Comparative Statement of Net Assets Proprietary Fund December 31, 2002 and June 30, 2002

	12/31/2002	6/30/2002
<b>ASSETS</b>		
Current assets:		
Cash	\$ 328,319	\$ 288,409
Interest-bearing deposits, at cost	45,994	84,056
Receivables:		
Accounts receivable	85,526	82,828
Unbilled utility receivables	35,097	34,283
Accrued interest receivable	186	372
Due from other governmental units	166,411	35,433
Due from other funds	43,629	16,719
Total current assets	<u>705,162</u>	<u>542,100</u>
Noncurrent assets:		
Restricted assets -		
Cash	295,146	144,928
Interest -bearing deposits, at cost	182,539	181,115
Capital assets:		
Land and construction in progress	2,657,284	1,308,437
Other capital assets, net of accumulated depreciation	<u>2,786,156</u>	<u>2,862,573</u>
Total noncurrent assets	<u>5,921,125</u>	<u>4,497,053</u>
Total assets	<u>6,626,287</u>	<u>5,039,153</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	30,485	42,824
Contracts payable	342,596	14,812
Retainage payable	158,949	46,817
Bond anticipation note payable	632,110	55,905
Other liabilities	9,960	29,041
Due to other funds	192,887	179,108
Payable from restricted assets -		
Revenue bonds	62,645	62,645
Accrued interest	8,924	9,644
Customers' deposits	<u>66,270</u>	<u>61,058</u>
Total current liabilities	<u>1,504,826</u>	<u>501,854</u>
Noncurrent liabilities:		
Revenue bonds and notes payable	<u>1,314,012</u>	<u>1,322,146</u>
Total liabilities	<u>2,818,838</u>	<u>1,824,000</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	3,497,318	2,792,959
Restricted for debt service	151,161	121,508
Unrestricted	<u>158,970</u>	<u>300,686</u>
Total net assets	<u>\$3,807,449</u>	<u>\$3,215,153</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF YOUNGSVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets -  
Proprietary Fund

Six Months Ended December 31, 2002

With Comparative Amounts for the Year Ended June 30, 2002

	<u>12/31/2002</u>	<u>6/30/2002</u>
Operating revenues:		
Charges for services -		
Water sales	\$ 203,771	\$ 385,357
Sewer service charges	124,143	239,243
Sanitation charges	96,721	178,842
Miscellaneous	31,178	59,972
Total operating revenues	<u>455,813</u>	<u>863,414</u>
Operating expenses:		
Water department	199,337	408,884
Sewerage department	123,779	226,347
Sanitation department	92,601	174,165
Total operating expenses	<u>415,717</u>	<u>809,396</u>
Operating income	<u>40,096</u>	<u>54,018</u>
Nonoperating revenues (expenses):		
Interest income	1,451	3,714
Interest expense	(34,794)	(82,421)
Paying agent fees	(975)	(975)
Amortization - bond issue cost	(669)	(1,337)
Total nonoperating revenues (expenses)	<u>(34,987)</u>	<u>(81,019)</u>
Income (loss) before contributions and transfers	<u>5,109</u>	<u>(27,001)</u>
Capital contributions	<u>287,187</u>	<u>961,504</u>
Transfers in (out):		
Transfers in	480,000	360,000
Transfers out	(180,000)	(300,000)
Total transfers in (out)	<u>300,000</u>	<u>60,000</u>
Change in net assets	592,296	994,503
Net assets, beginning	<u>3,215,153</u>	<u>2,220,650</u>
Net assets, ending	<u>\$3,807,449</u>	<u>\$3,215,153</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF YOUNGSVILLE, LOUISIANA

Comparative Statement of Cash Flows  
Proprietary Fund  
Six Months Ended December 31, 2002  
With Comparative Amounts for Year Ended June 30, 2002

	<u>12/31/2002</u>	<u>6/30/2002</u>
Cash flows from operating activities:		
Receipts from customers	\$ 439,279	\$ 822,255
Payments to suppliers	(313,877)	(483,215)
Payments to employees	(64,913)	(123,988)
Other receipts	22,338	42,987
Net cash provided by operating activities	<u>82,827</u>	<u>258,039</u>
Cash flows from noncapital financing activities:		
Cash received from (paid to) other funds	(13,131)	111,707
Operating transfers from other funds	300,000	60,000
Net cash provided by noncapital financing activities	<u>286,869</u>	<u>171,707</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds and notes payable	(8,803)	(60,619)
Principal received on bond anticipation notes payable	576,206	55,905
Interest and fiscal charges paid on revenue bonds and notes payable	(36,489)	(83,823)
Increase in customer deposits payable	5,212	6,958
Acquisition of property, plant and equipment	(910,178)	(1,089,237)
Proceeds from grants	156,209	926,071
Net cash used by capital and related financing activities	<u>(217,843)</u>	<u>(306,374)</u>
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(17,225)	(16,956)
Maturities of interest-bearing deposits	16,956	16,553
Interest on investments	1,637	4,078
Net cash provided by investing activities	<u>1,368</u>	<u>3,675</u>
Net increase in cash and cash equivalents	153,221	127,047
Cash and cash equivalents, beginning of period	<u>681,552</u>	<u>554,505</u>
Cash and cash equivalents, end of period	<u>\$ 834,773</u>	<u>\$ 681,552</u>

(continued)

TOWN OF YOUNGSVILLE, LOUISIANA

Comparative Statement of Cash Flows  
Proprietary Fund - (Continued)  
Six Months Ended December 31, 2002  
With Comparative Amounts for Year Ended June 30, 2002

	<u>12/31/2002</u>	<u>6/30/2002</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income	\$ 40,096	\$ 54,018
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	77,663	152,400
Changes in current assets and liabilities:		
Increase in accounts receivable	(2,698)	(1,155)
Increase in unbilled utility receivable	(814)	(3,335)
Increase (decrease) in accounts payable	(12,339)	15,508
Decrease in other liabilities	<u>(19,081)</u>	<u>(21,026)</u>
Net cash used by operating activities	<u>\$ 82,827</u>	<u>\$ 196,410</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 288,409	\$ 130,220
Interest-bearing deposits - unrestricted	84,056	82,116
Cash - restricted	144,928	170,097
Interest-bearing deposits - restricted	181,115	188,625
Less: Interest-bearing deposits with a maturity over three months	<u>(16,956)</u>	<u>(16,553)</u>
Total cash and cash equivalents	<u>681,552</u>	<u>554,505</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	328,319	288,409
Interest-bearing deposits - unrestricted	45,994	84,056
Cash - restricted	295,146	144,928
Interest-bearing deposits - restricted	182,539	181,115
Less: Interest-bearing deposits with a maturity over three months	<u>(17,225)</u>	<u>(16,956)</u>
Total cash and cash equivalents	<u>834,773</u>	<u>681,552</u>
Net increase	<u>\$ 153,221</u>	<u>\$ 127,047</u>

The accompanying notes are an integral part of the basic financial statements.



## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Youngsville (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A Financial Reporting Entity

The Town of Youngsville was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

This report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, certain governmental organizations are not part of the Town and are thus excluded from the accompanying financial statements. These organizations include the Youngsville Volunteer Fire Department and the Youngsville Auxiliary Police Department. Although the Town does provide facilities and some of their financing, no control is exercised over their operations.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All funds of the Town are considered to be major funds and are described below:

#### Governmental Funds -

##### General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

#### Special Revenue Funds

##### 1968 Sales Tax Fund -

The 1968 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

##### 1999 Sales Tax Fund –

The 1999 Sales Tax Fund is used to account for the proceeds of a half percent sales and use tax that is legally restricted to expenditures for specific purposes.

##### Proprietary Fund -

##### Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Youngsville's enterprise fund is the Utility Fund.

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

#### Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

#### D. Assets, Liabilities and Equity

##### Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

##### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

##### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at December 31, 2002. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

##### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.



## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

#### Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

#### Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the accounts as of December 31, 2002.

#### Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

#### E. Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

#### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

#### Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

#### F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 3
Water and Sewer Revenue	Debt Service and Utility Operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

#### G. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.



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## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

#### H. Capitalization of Interest Expense

It is the policy of the Town of Youngsville to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At December 31, 2002, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

#### I. Bond Discount and Bond Issue Costs

Bond discount and bond issue costs are being amortized by the straight-line method over the life of the related bond.

#### J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

K. Report Classification

Certain previously reported amounts for the six months ended December 31, 2002 have been reclassified to conform to the December 31, 2002 classifications.

(2) Change in Accounting Principle

For the fiscal year ended December 31, 2002, the Town implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Town’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Town also implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Statement No. 37, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

(3) Sales and Use Tax

Proceeds of a 1 % sales and use tax (accounted for in the 1968 Sales Tax Fund - a special revenue fund) levied by the Town of Youngsville (six month period ended December 31, 2002 collections \$206,018) are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining sewers and sewerage disposal works, and waterworks, including the purchase of equipment therefore, title to which improvements shall be in the public name, or for any one or more of said purposes. The tax is also subject to funding into bonds of the Town in the manner authorized in the Louisiana Revised Statutes. As of December 31, 2002, the net sales tax proceeds are dedicated to paying the Town’s \$210,000 Sewer Utility Revenue bonds dated May 4, 1979 and \$350,000 Water Utility Bonds dated May 19, 1994.

Proceeds of a 1% sales and use tax levied by the Town of Youngsville (accounted for in the General Fund) beginning September 1, 1981 (six month period ended December 31, 2002 collections \$206,018) are dedicated to the following purposes:

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

Providing funds to maintain the Town's police force and law enforcement facilities, including the acquisition of equipment and furnishings therefore, the construction and/or acquisition of buildings to house such facilities and paying employees' and policemen's salaries.

Proceeds of a 1/2% percent sales and use tax levied by the Town of Youngsville (accounted for in the 1999 Sales Tax Fund) beginning September 1, 2000 (six month period ended December 31, 2002 collections \$103,009) are dedicated to the following purposes:

Constructing, acquiring, improving, maintaining and operating sewers and sewerage disposal works for the Town, and to be funded into bonds.

#### (4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2002, the Town had cash and interest-bearing deposits (book balances) totaling \$1,374,910 as follows:

Demand deposits	\$ 1,028,990
Money market accounts	160,742
Time deposits	<u>185,178</u>
 Total	 <u>\$ 1,374,910</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Deposit balances (bank balances) at December 31, 2002 were secured as follows:

Bank balances	<u>\$ 1,384,039</u>
Federal deposit insurance	\$ 200,000
Pledged securities (Category 3)	<u>1,184,039</u>
 Total FDIC insurance and pledged securities	 <u>\$ 1,384,039</u>

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

(5) Receivables

Receivables at December 31, 2002 of \$ 232,132 consist of the following:

	<u>General</u>	1968 <u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 85,526	\$ 85,526
Unbilled	-	-	35,097	35,097
Taxes:				
Sales tax	-	89,452	-	89,452
Franchise Tax	21,127	-	-	21,127
Interest	<u>361</u>	<u>383</u>	<u>186</u>	<u>930</u>
 Totals	 <u>\$ 21,488</u>	 <u>\$ 89,835</u>	 <u>\$ 120,809</u>	 <u>\$ 232,132</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(6) Due from Other Governmental Units

Amounts due from other governmental units at December 31, 2002 consisted of the following:

General Fund:

Amount due from Federal Emergency Management Agency for hurricane expenses incurred in the six months ended December 31, 2002	\$ 230,412
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Amount due from the State of Louisiana for hurricane expenses incurred in the six months ended December 31, 2002	<u>30,722</u>
	<u>\$ 261,134</u>

Proprietary Fund:

Amount due from Louisiana Community Development Block Grant for sewer system improvements.	\$ 139,354
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Amount due from the State of Louisiana for a waterline project.	<u>27,057</u>
	<u>\$ 166,411</u>
	<u>\$ 427,545</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31, 2002:

Revenue bond and interest sinking account	\$ 45,632
Revenue bond reserve account	128,838
Revenue bond contingency account	48,260
Customers' deposits	66,270
Revenue bond construction fund	<u>188,685</u>
Total restricted assets	<u>\$477,685</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the for the six months ending December 31, 2002 was as follows:

	<u>Balance 07/01/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/02</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and construction in progress	\$ 62,762	\$ -	\$ -	\$ 62,762
Other capital assets:				
Buildings	271,285	-	-	271,285
Infrastructure	788,914	-	-	788,914
Equipment	449,267	49,910	1,148	498,029
Totals	<u>1,572,228</u>	<u>49,910</u>	<u>1,148</u>	<u>1,620,990</u>
Less accumulated depreciation				
Buildings	51,458	3,479	-	54,937
Infrastructure	179,197	18,382	-	197,579
Equipment	264,634	29,818	1,148	293,304
Total accumulated depreciation	<u>495,289</u>	<u>51,679</u>	<u>1,148</u>	<u>545,820</u>
Governmental activities, capital assets, net	<u>\$ 1,076,939</u>	<u>\$ (1,769)</u>	<u>\$ -</u>	<u>\$ 1,075,170</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - sewer system	\$ 81,829	\$ -	\$ -	\$ 81,829
Construction in progress	1,226,608	1,348,847	-	2,575,455
Other capital assets:				
Water system	2,238,779	-	-	2,238,779
Sewer system	2,288,219	-	-	2,288,219
Machinery and equipment	235,796	1,245	-	237,041
Totals	<u>6,071,231</u>	<u>1,350,092</u>	<u>-</u>	<u>7,421,323</u>
Less accumulated depreciation				
Water system	684,304	39,450	-	723,754
Sewer system	1,036,817	31,316	-	1,068,133
Machinery and equipment	179,100	6,896	-	185,996
Total accumulated depreciation	<u>1,900,221</u>	<u>77,662</u>	<u>-</u>	<u>1,977,883</u>
Business-type activities, capital assets, net	<u>\$ 4,171,010</u>	<u>\$ 1,272,430</u>	<u>\$ -</u>	<u>\$ 5,443,440</u>

# TOWN OF YOUNGSVILLE, LOUISIANA

## Notes to Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 10,519
Police	19,035
Fire	3,373
Streets	<u>18,752</u>
Total depreciation expense	<u>\$ 51,679</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 43,593
Sewer	<u>34,069</u>
Total depreciation expense	<u>\$ 77,662</u>

### (9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2002:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 161,336	\$ 30,485	\$191,821
Contracts and retainage	-	501,545	501,545
Other liabilities	<u>-</u>	<u>9,960</u>	<u>9,960</u>
Totals	<u>\$ 161,336</u>	<u>\$541,990</u>	<u>\$703,326</u>

Included in accounts payable for the governmental activities of \$161,336 is \$108,713 for clean up of hurricane debris owed at December 31, 2002.



# TOWN OF YOUNGSVILLE, LOUISIANA

## Notes to Financial Statements (Continued)

### (10) Short-term Debt

The Town authorized the issuance of \$1,800,000 of bond anticipation notes on May 17, 2002. The purpose of this short-term debt is to provide interim financing for constructing, acquiring and improving sewers and sewerage disposal works. The debt will bear interest at 3.45% per annum on the outstanding principal balance. Interest is payable semi-annually, however, no payments of principal are required on the interim loan. The debt will be repaid from the proceeds of the Sales Tax Bonds, Series 2003. At December 31, 2002 the balance on the bond anticipation notes was \$632,110.

### (11) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the for the six months ending December 31, 2002:

	<u>Revenue Bonds and Certificates</u>
Long-term debt payable, July 1, 2002	\$ 1,403,803
Long-term debt issued	-
Long-term debt retired	<u>(8,803)</u>
Long-term debt payable, December 31, 2002	<u>\$ 1,395,000</u>

Long-term debt payable at December 31, 2002 is comprised of the following individual issues:

#### Revenue bonds -

\$210,000 1979 Sewer Utility Revenue Bonds, dated May 4, 1979; due in annual installments of \$5,000 to \$12,000 through May 4, 2019; interest at 5 percent; secured by sales tax revenues	\$ 140,000
\$350,000 1994 Water Revenue Bonds, dated May 19, 1994; due in annual installments of \$13,000 to \$30,000 through May 1, 2014; interest at 6.5 percent; secured by sales tax revenues	261,000



# TOWN OF YOUNGSVILLE, LOUISIANA

## Notes to Financial Statements (Continued)

\$456,000 1998 Sewer Utility Revenue Bonds, dated January 20, 1998; monthly installments of \$3,073 from February 20, 1999 through January 20, 2018; interest at 4.875 percent; secured by Utility Fund revenues	389,000
\$700,000 1997 Water Revenue Bonds, dated December 1, 1997; due in annual installments of \$25,000 to \$60,000 through May 1, 2017; interest at 5.75 percent; secured by Utility Fund revenues	605,000
Total long-term debt payable	1,395,000
Less: Unamortized issuance costs	(18,343)
Net long-term debt payable	<u>\$ 1,376,657</u>

The bonds are due as follows:

<u>Year ending June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total</u>
2003	53,842	42,475	96,317
2004	70,476	74,495	144,971
2005	72,450	70,456	142,906
2006	74,421	66,355	140,776
2007	82,441	62,140	144,581
2008-2012	475,311	236,605	711,916
2013-2017	525,685	91,654	617,339
2018-2020	40,374	2,103	42,477
Total	<u>\$ 1,395,000</u>	<u>\$ 646,283</u>	<u>\$ 2,041,283</u>

### (12) Flow of Funds; Restrictions on Use - Utilities Revenues

#### Revenue Bonds:

- A. Under the terms of the Bond indentures on outstanding Public Utility Bonds dated May 4, 1979, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Contingency Fund" at the rate of \$52 each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

- B. Under the terms of the Bond indentures on outstanding Water Revenue Bonds dated May 1, 1994, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Waterworks System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to the highest combined principal and interest requirement for any succeeding bond year. The money in the "Bond Reserve Fund" may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

There shall also be set aside into a "Contingency Fund" the sum of \$20,000. Money in this fund may be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the water system. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

- C. Under the terms of the Bond indentures on outstanding Sewer Utility Revenue Bonds dated January 20, 1999, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" the amount of \$3,073 for principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

Each month there shall also be set aside into a "Bond Reserve Fund" the amount of \$154 to be paid until there shall have been accumulated in the Reserve Account an amount equal to \$36,881. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Contingency Fund" at the rate of \$159 each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

- D. Under the terms of the Bond indentures on outstanding Water Revenue Bonds dated December 1, 1997, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Waterworks System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to the highest combined principal and interest requirement for any succeeding bond year. The money in the "Bond Reserve Fund" may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

There shall also be set aside into a "Contingency Fund" the sum of \$20,000. Money in this fund may be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the water system. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The Town of Youngsville was in compliance with all significant limitations and restrictions in the bond indentures at December 31, 2002.

#### (13) Employee Retirement

All Town of Youngsville employees, with the exception of those participating in the Municipal Police Employees' Retirement System, participate in the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the six-month period ended December 31, 2002 and the years ended June 30, 2002 and 2001 amounted to \$16,783, \$32,335, and \$37,898 respectively.

Policemen of the Town of Youngsville elected to participate in the Municipal Police Retirement System of Louisiana effective April 1, 1989. This system is a cost-sharing, multiple-employer defined benefit public employee retirement plan (PERS) controlled and operated by a separate board of trustees. All full time police department employees engaged in law enforcement, empowered to make arrests, not having to pay social security and meeting the state statutory criteria are required to participate in the System. Pertinent information relative to this plan follows:

# TOWN OF YOUNGSVILLE, LOUISIANA

## Notes to Financial Statements (Continued)

### Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final average salary for each year of creditable service. Final average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contribution to the System for the six month period ended December 31, 2002 and for the years ended June 30, 2002 and 2001 was \$2,025, \$6,672, and \$15,020 respectively, equal to the required contributions for each year.

### (14) Segment Information for the Enterprise Fund

The Town of Youngsville maintains one enterprise fund with three departments which provide water, sewerage and sanitation services. Segment information for the for the six months ending December 31, 2002, was as follows:

	Water Department	Sewerage Department	Sanitation Department	Total Enterprise Fund
Operating revenues	\$230,278	\$127,568	\$ 97,967	\$ 455,813
Operating expenses:				
Depreciation	43,594	34,069	-	77,663
Other	155,743	89,710	92,601	338,054
Total operating expenses	199,337	123,779	92,601	415,717
Operating income	\$ 30,941	\$ 3,789	\$ 5,366	\$ 40,096



# TOWN OF YOUNGSVILLE, LOUISIANA

## Notes to Financial Statements (Continued)

### (15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the for the six months ending December 31, 2002 follows:

Lucas Denais, Mayor	\$ 7,500
Aldermen:	
Paul Huval	3,981
Jesse Vallot	3,981
Yvonne King	3,981
Paul Huey Romero	3,981
Brenda Burley	<u>3,981</u>
	<u>\$27,405</u>

### (16) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

### (17) Interfund Transactions

#### A. Receivables and Payables

Interfund receivables and payables consisted of the following at December 31, 2002:

Due to the General Fund from other funds representing short-term loans	\$ 236,254
Other balances	<u>45,966</u>
Total	<u>\$ 282,220</u>

Summary of balances due from other funds reported in fund financial statements:

Due from other funds, Balance Sheet - Governmental Funds	\$238,591
Due from other funds, Statement of Net Assets - Proprietary Funds	<u>43,629</u>
Total	<u>\$282,220</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

B. Transfers

Transfers consisted of the following at December 31, 2002:

Governmental Funds:

General Fund	\$ 180,000	\$ -
1968 Sales Tax Special Revenue Fund	-	180,000
1999 Sales Tax Special Revenue Fund	-	300,000

Proprietary Fund:

Enterprise Fund	<u>480,000</u>	<u>180,000</u>
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Total	<u>\$ 660,000</u>	<u>\$ 660,000</u>
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Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(18) Subsequent Event

On March 1, 2002 the Town authorized the issuance of \$1,800,000 of Sales Tax Bonds, Series 2003. The bonds will bear interest at 3.45% per annum and are anticipated to be issued on March 1, 2003.



**OTHER REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Six Months Ended December 31, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2002

	December 31, 2002				
	Annual Budget		Actual	Remaining in Annual Budget	6/30/2002 Actual
	Original	Amended			
Revenues:					
Taxes	\$ 504,000	\$ 504,000	\$ 283,570	\$ 220,430	\$ 501,241
Licenses and permits	130,000	130,000	34,987	95,013	173,162
Intergovernmental	28,800	314,934	303,350	11,584	107,536
Fines and forfeits	75,000	75,000	50,106	24,894	74,846
Miscellaneous	8,200	8,200	9,871	(1,671)	9,804
Total revenues	<u>746,000</u>	<u>1,032,134</u>	<u>681,884</u>	<u>(350,250)</u>	<u>866,589</u>
Expenditures:					
Current -					
General government	388,100	388,100	184,244	203,856	342,033
Public safety:					
Police	421,450	421,450	194,191	227,259	375,014
Fire	51,880	51,880	36,877	15,003	36,210
Streets	230,800	537,185	459,446	77,739	138,163
Capital outlay	35,000	85,000	49,910	35,090	194,995
Total expenditures	<u>1,127,230</u>	<u>1,483,615</u>	<u>924,668</u>	<u>558,947</u>	<u>1,086,415</u>
Deficiency of revenues over expenditures	(381,230)	(451,481)	(242,784)	(208,697)	(219,826)
Other financing source:					
Transfer from Utility Fund	<u>390,000</u>	<u>390,000</u>	<u>180,000</u>	<u>210,000</u>	<u>300,000</u>
Excess (deficiency) of revenues and other source over expenditures	8,770	(61,481)	(62,784)	1,303	80,174
Fund balance, beginning	<u>450,992</u>	<u>518,743</u>	<u>518,743</u>	<u>-</u>	<u>438,569</u>
Fund balance, ending	<u>\$ 459,762</u>	<u>\$ 457,262</u>	<u>\$ 455,959</u>	<u>\$ 1,303</u>	<u>\$ 518,743</u>

TOWN OF YOUNGSVILLE, LOUISIANA  
1968 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Six Months Ended December 31, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2002

	December 31, 2002				
	Annual Budget			Remaining	6/30/02
	Original	Amended	Actual	in Annual	Actual
				Budget	
Revenues:					
Taxes	\$ 370,000	\$ 370,000	\$ 206,018	\$ 163,982	\$ 374,836
Miscellaneous - interest	2,000	2,000	555	1,445	890
Total revenues	<u>372,000</u>	<u>372,000</u>	<u>206,573</u>	<u>165,427</u>	<u>375,726</u>
Expenditures:					
Current -					
General government:					
Sales tax collection fees	8,550	8,550	872	7,678	1,910
Professional fees	-	-	3,780	(3,780)	6,310
Total expenditures	<u>8,550</u>	<u>8,550</u>	<u>4,652</u>	<u>3,898</u>	<u>8,220</u>
Excess of revenues over expenditures	363,450	363,450	201,921	161,529	367,506
Other financing use:					
Transfer to Utility Fund	<u>(325,000)</u>	<u>(325,000)</u>	<u>(180,000)</u>	<u>(145,000)</u>	<u>(300,000)</u>
Excess of revenues over expenditures and other use	38,450	38,450	21,921	16,529	67,506
Fund balance, beginning	<u>305,446</u>	<u>314,336</u>	<u>314,336</u>	<u>-</u>	<u>246,830</u>
Fund balance, ending	<u>\$ 343,896</u>	<u>\$ 352,786</u>	<u>\$ 336,257</u>	<u>\$ 16,529</u>	<u>\$ 314,336</u>

TOWN OF YOUNGSVILLE, LOUISIANA  
1999 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Six Months Ended December 31, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2002

	December 31, 2002				
	Annual Budget			Remaining	6/30/02
	Original	Amended	Actual	in Annual	Actual
				Budget	
Revenues:					
Taxes	\$ 185,000	\$ 185,000	\$ 103,009	\$ 81,991	\$ 187,418
Miscellaneous - interest	1,500	1,500	75	1,425	216
Total revenues	<u>186,500</u>	<u>186,500</u>	<u>103,084</u>	<u>83,416</u>	<u>187,634</u>
Expenditures:					
Current -					
General government:					
Sales tax collection fees	3,210	3,210	436	2,774	955
Office expenses	-	-	-	-	477
Professional fees	-	-	3,415	(3,415)	2,715
Total expenditures	<u>3,210</u>	<u>3,210</u>	<u>3,851</u>	<u>(641)</u>	<u>4,147</u>
Excess of revenues over expenditures	183,290	183,290	99,233	84,057	183,487
Other financing use:					
Transfer to Utility Fund	<u>(125,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>(60,000)</u>
Excess (deficiency) of revenues over expenditures and other use	58,290	(116,710)	(200,767)	84,057	123,487
Fund balance, beginning	<u>477,599</u>	<u>296,484</u>	<u>296,484</u>	<u>-</u>	<u>172,997</u>
Fund balance, ending	<u>\$ 535,889</u>	<u>\$ 179,774</u>	<u>\$ 95,717</u>	<u>\$ 84,057</u>	<u>\$ 296,484</u>

## **OTHER SUPPLEMENTARY INFORMATION**

## **OTHER FINANCIAL INFORMATION**

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Six Months Ended December 31, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2002

December 31, 2002					
	Annual Budget			Remaining	6/30/2002
	Original	Amended	Actual	in Annual	Actual
				Budget	
Taxes:					
Sales taxes	\$ 370,000	\$ 370,000	\$ 206,024	\$ 163,976	\$ 374,836
Franchise - electric	110,000	110,000	55,711	54,289	102,792
Franchise - gas	15,000	15,000	11,770	3,230	15,035
Franchise - cable tv	9,000	9,000	10,065	(1,065)	8,578
	<u>504,000</u>	<u>504,000</u>	<u>283,570</u>	<u>220,430</u>	<u>501,241</u>
Licenses and permits:					
Occupational licenses	10,000	10,000	100	9,900	7,926
Insurance occupational licenses	70,000	70,000	1,459	68,541	101,041
Codes and permits	50,000	50,000	33,428	16,572	64,195
	<u>130,000</u>	<u>130,000</u>	<u>34,987</u>	<u>95,013</u>	<u>173,162</u>
Intergovernmental:					
Federal grant -					
Community Development Block Grant	-	-	-	-	12,915
Federal Grant - FEMA	-	230,412	230,412	-	34,973
State of Louisiana -					
Beer taxes	3,800	3,800	1,723	2,077	3,895
Police equipment grant	25,000	25,000	15,493	9,507	2,360
Walking trails state grant	-	-	-	-	45,000
Hurricane Relief-state grant	-	30,722	30,722	-	-
Proceeds from state grants	-	25,000	25,000	-	8,393
	<u>28,800</u>	<u>314,934</u>	<u>303,350</u>	<u>11,584</u>	<u>107,536</u>
Fines and forfeits:					
Fines and court costs	<u>75,000</u>	<u>75,000</u>	<u>50,106</u>	<u>24,894</u>	<u>74,846</u>
Miscellaneous:					
Interest on interest-bearing accounts	7,000	7,000	1,843	5,157	3,252
Other sources	<u>1,200</u>	<u>1,200</u>	<u>8,028</u>	<u>(6,828)</u>	<u>6,552</u>
	<u>8,200</u>	<u>8,200</u>	<u>9,871</u>	<u>(1,671)</u>	<u>9,804</u>
Total revenues	\$ 746,000	\$ 1,032,134	\$ 681,884	\$ 350,250	\$ 866,589



TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Six Months Ended December 31, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2002

December 31, 2002					
	Annual Budget			Remaining	6/30/2002
	Original	Amended	Actual	in Annual Budget	Actual
General government:					
Administrative -					
Compensation - mayor and council	\$ 55,000	\$ 55,000	\$ 27,405	\$ 27,595	\$ 54,932
Other salaries	99,750	99,750	57,614	42,136	90,995
Payroll taxes and retirement	24,000	24,000	9,977	14,023	18,325
Group insurance	27,500	27,500	16,519	10,981	25,869
Utilities and telephone	11,500	11,500	5,836	5,664	12,490
Mayor's expense	5,000	5,000	211	4,789	1,290
Advertising	9,500	9,500	3,143	6,357	9,830
Repairs and maintenance	14,000	14,000	3,775	10,225	15,387
Inspection fees	16,000	16,000	10,136	5,864	15,720
Dues and publications	12,000	12,000	741	11,259	1,186
Professional fees	17,500	17,500	8,484	9,016	14,836
General insurance	40,000	40,000	12,611	27,389	25,524
Office supplies	25,000	25,000	9,850	15,150	19,648
Janitorial expense	5,000	5,000	2,309	2,691	4,481
Uniform expense	1,000	1,000	1,120	(120)	662
Community relations	1,500	1,500	400	1,100	-
Sales tax collection expense	2,250	2,250	872	1,378	1,910
Annexation	3,000	3,000	4,676	(1,676)	14,756
Engineering	2,500	2,500	704	1,796	-
Donation to library	900	900	450	450	900
Radio Rent	-	-	1,292	(1,292)	-
Beepers	1,600	1,600	595	1,005	-
Miscellaneous	4,000	4,000	2,355	1,645	4,823
Total administrative	378,500	378,500	181,075	197,425	333,564
Magistrate court -					
Salaries	5,000	5,000	3,069	1,931	3,563
Legal fees	3,600	3,600	-	3,600	4,150
Court supplies	1,000	1,000	100	900	756
Total magistrate court	9,600	9,600	3,169	6,431	8,469
Total general government	388,100	388,100	184,244	203,856	342,033

(continued)

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Six Months Ended December 31, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2002

	December 31, 2002				
	Annual Budget			Remaining	6/30/2002
	Original	Amended	Actual	in Annual Budget	Actual
Public safety:					
Police -					
Salaries	236,250	236,250	109,256	126,994	217,289
Payroll taxes and retirement	30,500	30,500	10,130	20,370	24,579
Group insurance	32,000	32,000	19,256	12,744	30,869
Repairs and maintenance	15,000	15,000	9,722	5,278	13,232
Office supplies and expense	12,000	12,000	2,182	9,818	7,715
Dues and subscriptions	1,200	1,200	430	770	1,168
Telephone and utilities	9,200	9,200	2,942	6,258	7,566
Insurance	20,000	20,000	8,407	11,593	17,016
Auto expense	15,000	15,000	7,668	7,332	12,330
Uniforms and supplies	8,000	8,000	3,610	4,390	10,317
Marshall's expense	500	500	-	500	338
Janitorial expense	1,500	1,500	158	1,342	167
Act 474, 152, 562 and 977 expense	8,000	8,000	5,283	2,717	6,530
Training	3,000	3,000	-	3,000	-
Conference fees	1,000	1,000	-	1,000	-
Community relations	1,000	1,000	-	1,000	721
Contract labor	-	-	-	-	154
Rent	23,100	23,100	10,500	12,600	22,330
Professional fees	1,300	1,300	-	1,300	873
Beepers	800	800	357	443	-
Radio Rent	-	-	2,068	(2,068)	-
Miscellaneous	2,100	2,100	2,222	(122)	1,820
Total police	421,450	421,450	194,191	227,259	375,014
Fire -					
Donation to volunteer					
fire department	9,500	9,500	4,743	4,757	9,485
Fire truck annual payment	20,000	20,000	20,000	-	20,000
Professional fees	4,500	4,500	-	4,500	4,730
Contract Services/labor	17,380	17,380	12,134	5,246	-
Miscellaneous	500	500	-	500	1,995
Total fire	51,880	51,880	36,877	15,003	36,210
Total public safety	473,330	473,330	231,068	242,262	411,224

(continued)

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Six Months Ended December 31, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2002

	December 31, 2002				
	Annual Budget		Actual	Remaining in Annual Budget	6/30/2002 Actual
	Original	Amended			
Highways and streets:					
Salaries	26,250	26,250	14,728	11,522	24,296
Payroll taxes	2,700	2,700	1,069	1,631	1,984
Supplies, materials and repairs	40,000	40,000	38,226	1,774	57,693
Auto and truck expense	13,500	13,500	13,092	408	11,821
Equipment rental	7,250	7,250	3,029	4,221	7,241
Street lighting	25,000	25,000	12,919	12,081	22,287
Park expense	-	-	420	(420)	-
Engineering fees	15,000	15,000	12,928	2,072	10,575
Drainage contract expense	100,000	100,000	43,891	56,109	-
Hurricane expense	-	306,385	306,385	-	-
Contract Labor	-	-	10,808	(10,808)	-
Miscellaneous	1,100	1,100	1,951	(851)	2,266
Total highways and streets	230,800	537,185	459,446	77,739	138,163
Capital outlay:					
General government -					
Office renovations and equipment	10,000	10,000	10,585	(585)	31,333
Public safety -					
Police:					
Equipment	-	25,000	14,873	10,127	22,687
Automobiles	25,000	25,000	-	25,000	-
Fire	-	25,000	24,452	548	-
Culture and recreation -					
Walking trail	-	-	-	-	80,391
Highways and streets -					
Drainage projects	-	-	-	-	60,584
Total capital outlay	35,000	85,000	49,910	35,090	194,995
Total expenditures	\$ 1,127,230	\$1,483,615	\$ 924,668	\$ 558,947	\$1,086,415

TOWN OF YOUNGSVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2002 and June 30, 2002

Records maintained by the Town indicated the following number of customers were being served during the months of December 31, 2002 and June 30, 2002.

<u>Department</u>	<u>12/31/2002</u>	<u>6/30/2002</u>
Water (metered)	1,655	1,592
Sewerage	1,250	1,231
Garbage	1,574	1,483

TOWN OF YOUNGSVILLE

Schedule of Insurance in Force  
(Unaudited)  
December 31, 2002

Description of Coverage	Policy Expiration Date	Coverage Amounts
Workmen's compensation:		
Employer's liability	01/01/03	\$ 100,000
Surety bonds:		
Lucas Denais, Mayor	06/27/03	170,331
Rebecca Langlinois, Town Clerk	06/27/03	170,331
Karen Romero, Secretary	06/27/03	100,000
Charles Langlinois, Town Manager	06/27/03	2,000
Cindy Broussard, Secretary	08/30/03	15,000
Dianne McClelland, Secretary	08/25/03	15,000
Vicky Lalonde, Secretary	05/18/03	15,000
Barbara Jackson, Secretary	09/24/03	15,000
Automobile liability	05/01/03	500,000
Automobile comprehensive and collision coverage	03/18/03	125,425
Blanket coverage on buildings, contents and machinery	08/20/03	771,500
Law enforcement officer's liability	05/01/03	500,000
Public official's errors and omissions	05/01/03	500,000
General liability	05/01/03	500,000

# TOWN OF YOUNGSVILLE, LOUISIANA

## Combined Schedule of Interest-Bearing Deposits December 31, 2002

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>General Fund</u>				
Whitney Bank -				
Police Department:				
Certificate of deposit	90 days	02/11/03	1.59%	\$ 7,551
Certificate of deposit	90 days	02/01/03	1.59%	13,149
Certificate of deposit	90 days	01/31/03	1.59%	13,100
Certificate of deposit	90 days	02/10/03	1.59%	12,955
Certificate of deposit	180 days	04/16/03	1.79%	19,181
Fire Department:				
Certificate of deposit	180 days	04/16/03	1.79%	6,394
Certificate of deposit	90 days	02/14/03	1.59%	6,103
Street Department:				
Certificate of deposit	60 days	02/11/03	1.39%	7,080
Certificate of deposit	60 days	02/27/03	1.39%	6,642
Total General Fund				<u>92,155</u>
<u>Sales Tax Fund</u>				
Whitney Bank-				
Certificate of deposit	180 days	1/8/2003	3.22%	<u>25,232</u>
<u>Utility Fund</u>				
Whitney Bank-				
Interest-bearing deposits	N/A	N/A	various	\$160,742
Certificate of deposit	180 days	02/03/03	1.69%	17,225
Certificate of deposit	90 days	02/22/03	1.59%	28,769
Certificate of deposit	90 days	02/16/03	1.59%	7,253
Certificate of deposit	60 days	02/27/03	1.39%	6,626
Certificate of deposit	90 days	03/09/03	1.59%	7,918
Total Utility Fund				<u>228,533</u>
Total all funds				<u>\$345,920</u>

TOWN OF YOUNGSVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses  
Six Months Ended December 31, 2002  
With Comparative Actual Amounts for Year Ended June 30, 2002

	Totals	
	<u>12/31/2002</u>	<u>6/30/2002</u>
Operating revenues:		
Customer service charges	\$ 424,635	\$ 803,442
Miscellaneous	31,178	59,972
Total operating revenues	<u>455,813</u>	<u>863,414</u>
Operating expenses:		
Salaries	60,501	114,628
Payroll taxes	4,412	9,360
Sewer tests	1,892	2,705
Water purchases	16,611	40,502
Maintenance and repairs	51,943	90,552
Hurricane expense	2,960	-
Contract maintenance fees	18,240	36,480
Utilities	22,935	40,213
Professional fees	12,516	20,417
Engineer fees	300	6,999
Insurance	21,018	42,540
Office expense	3,040	8,837
Supplies and parts	24,486	59,851
Garbage collection fees	92,601	174,165
Depreciation	77,663	152,400
Miscellaneous	4,599	9,747
Total operating expenses	<u>415,717</u>	<u>809,396</u>
Operating income	<u>40,096</u>	<u>54,018</u>
Nonoperating revenues (expenses):		
Interest income	1,451	3,714
Interest expense	(34,794)	(82,421)
Paying agent fees	(975)	(975)
Amortization - bond issue cost	(669)	(1,337)
Total nonoperating revenues (expenses)	<u>(34,987)</u>	<u>(81,019)</u>
Income (loss) before contributions and transfers	<u>5,109</u>	<u>(27,001)</u>
Capital contributions	<u>287,187</u>	<u>961,504</u>
Transfers in (out):		
Transfers in	300,000	360,000
Transfers out	-	(300,000)
Total transfers in (out)	<u>300,000</u>	<u>60,000</u>
Change in net assets	<u>592,296</u>	<u>994,503</u>
Net assets, beginning	<u>3,215,153</u>	<u>2,220,650</u>
Net assets, ending	<u>\$3,807,449</u>	<u>\$3,215,153</u>



Water		Sewerage		Sanitation	
<u>12/31/2002</u>	<u>6/30/2002</u>	<u>12/31/2002</u>	<u>6/30/2002</u>	<u>12/31/2002</u>	<u>6/30/2002</u>
\$ 203,771	\$ 385,357	\$ 124,143	\$ 239,243	\$ 96,721	\$ 178,842
26,507	50,822	3,425	5,588	1,246	3,562
<u>230,278</u>	<u>436,179</u>	<u>127,568</u>	<u>244,831</u>	<u>97,967</u>	<u>182,404</u>
48,485	91,511	12,016	23,117	-	-
3,536	7,472	876	1,888	-	-
-	15	1,892	2,690	-	-
16,611	40,502	-	-	-	-
29,625	59,339	22,318	31,213	-	-
-	-	2,960	-	-	-
-	-	18,240	36,480	-	-
10,685	15,548	12,250	24,665	-	-
8,030	14,592	4,486	5,825	-	-
300	4,106	-	2,893	-	-
12,611	25,524	8,407	17,016	-	-
1,520	6,400	1,520	2,437	-	-
19,741	49,898	4,745	9,953	-	-
-	-	-	-	92,601	174,165
43,594	84,230	34,069	68,170	-	-
4,599	9,747	-	-	-	-
<u>199,337</u>	<u>408,884</u>	<u>123,779</u>	<u>226,347</u>	<u>92,601</u>	<u>174,165</u>
<u>\$ 30,941</u>	<u>\$ 27,295</u>	<u>\$ 3,789</u>	<u>\$ 18,484</u>	<u>\$ 5,366</u>	<u>\$ 8,239</u>

**COMPLIANCE  
AND  
INTERNAL CONTROL**

**KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC**  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Wilson Viator, Mayor  
and Members of the Board of Aldermen  
Town of Youngsville, Louisiana

We have audited the basic financial statements of the Town of Youngsville, Louisiana (the Town) as of and for the six months ending December 31, 2002, and have issued our report thereon dated March 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 02-1(IC).

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
March 21, 2003

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Wilson Viator, Mayor  
And Members of the Board of Aldermen  
Youngsville, Louisiana

### Compliance

We have audited the compliance of the Town of Youngsville, Louisiana (the Town) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the six months ended December 31, 2002. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the six months ended December 31, 2002.

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### Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
March 21, 2003

TOWN OF YOUNGSVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards  
For the Six Months Ended December 31, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
Federal Emergency Management Agency- Disaster Housing Program	83.545	\$ 230,412	\$ 230,412
Department of Housing and Urban Development- Community Planning and Development: Community Development Block Grants/ State's Program	14.228	<u>160,104</u>	<u>160,104</u>
Total		<u>\$ 390,516</u>	<u>\$ 390,516</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards  
Six Months Ended December 31, 2002

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Youngsville (the Town). The Town's reporting entity is defined in Note 1 to the basic financial statements for the six months ended December 31, 2002. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The Federal Emergency Management Agency grant proceeds was considered a major federal program of the Town for the six months ended December 31, 2002.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements for the six months ended December 31, 2002



TOWN OF YOUNGSVILLE, LOUISIANA

Schedule of Findings and Questioned Costs  
Six Months Ended December 31, 2002

Part I. Summary of Auditors' Results:

1. An unqualified opinion was issued on the financial statements.
2. One reportable condition in internal control was disclosed by the audit of the financial statements. This reportable condition was considered to be a material weakness.
3. No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
4. An unqualified opinion was issued on compliance for the major program.
5. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
6. The major program was the Disaster Housing Program
7. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
8. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

Internal Control Findings –

See internal control finding 02-2(IC) on Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings required to be reported under the above guidance.

# TOWN OF YOUNGSVILLE, LOUISIANA

## Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan For the Six Months Ended December 31, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT PERIOD (12/31/02) --						
<u>Internal Control:</u>						
02-1(IC)		Due to the small number of employees, the Town of Youngsville did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Becky Langlinalais, Town Clerk	N/A
<u>Management Letter:</u>						
02-2(ML)		The emergency actions taken by the mayor to restore normalcy to the community were never ratified by the council. A special meeting should be held shortly after emergency action so that the council may ratify the mayor's actions.	N/A	No response is considered necessary.	Becky Langlinalais, Town Clerk	N/A
PRIOR YEAR (6/30/02) --						
<u>Internal Control:</u>						
02-1(IC)		Same as 02-1(IC) above.				